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## MEMO

DATE: December 30, 2014  
TO: Mayor and City Council  
FROM: Spencer Nebel, City Manager  
SUBJECT: 2014 Year End Report

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Traditionally I have provided a summary of the activities that the City Council and staff have accomplished through the course of the calendar year. I believe it is important to reflect on these past accomplishments as we wrap up the calendar year and begin looking forward to the opportunities that will come during this next year for the City of Newport. I also have identified 20 top issues addressed by the City during this past year.

### **Top Twenty Highlights for 2014 for the City of Newport:**

In reviewing the actions taken by the City Council during this past year, I have identified a list of twenty key accomplishments in 2014. Please note these are not in any order of importance, but are generally arranged in chronological order.

1. The City Council reviewed the report from the Infrastructure Task Force to determine the best way to finance long-term capital needs for the City's Water, Wastewater, Storm Water, Streets and City facilities. The City Council was originally attempting to support these needs on a pay as you go basis. As a result of the Infrastructure Task Force, the Council opted to pursue a bonding to reduce the short term impacts on water and sewer rate payers for financing needed repairs to an aging infrastructure system within the City of Newport.
2. The City Council participated with the City Manager in reviewing the strengths and weaknesses of Council operations and Council's role with the City Manager and staff. As a result, the Council implemented operational changes to the way the Council conducts business at regular Council meetings. These changes were first implemented on a temporary basis, and evaluated later in the year when they were permanently adopted by the City Council as revised rules of order.

3. The City had extensive discussions with the Seal Rock Water District to address properties that are now served by the City of Newport Water System, but remain within the Seal Rock Water District. An agreement was reached between the Water District and the City to transfer those properties served by the City of Newport from the Seal Rock Water District. Ninety-one parcels of property in the South Beach area will be withdrawn from the Seal Rock Water District as part of this action.
4. The City of Newport, in conjunction with Thompson's Sanitary Services, had lengthy discussions and deliberations about implementing a separate collection for compostable materials to reduce the impact on landfill space, and convert the compostable material into a usable product. After numerous meetings, public hearings and considering public comments, modifications were made to the original proposal to allow for low volume residential users to opt out of the compostable curbside collection. With this change, the program was authorized by the Council, and curbside composting was implemented in July of this year.
5. The City Council pursued a comprehensive review of the operations at the Newport Municipal Airport to review the history of the management of the facility, and identify various options for operating the Airport in the future. The Airport Committee recommended to the City Council that the City explore privatizing the operation of the Airport. As a result of favorable action by the City Council, a Request for Expressions of Interest has been issued to determine the feasibility of developing a Request for Proposals to this end.
6. The City Council in conjunction with the Urban Renewal Agency has acquired property in South Beach to facilitate the development of a new signalized intersection that will be located on US 101 with the construction of 35<sup>th</sup> Street. The parcel acquisition will facilitate right-of-way acquisitions, drainage and other issues for the development of this new signalized intersection, as well as improvements on Ferry Slip Road. The Urban Renewal Agency will have the option of selling remaining portions of this property not needed for this work.
7. As a result of a new State law, the City Council spent a significant amount of time reviewing how the City would manage medical marijuana within the City of Newport. Further legislation was approved in the spring of 2014 allowing the Council to declare a moratorium on medical marijuana dispensaries, within the City, until regulations could be reviewed and implemented within the City of Newport relating to dispensaries. After review by the Planning Commission, the City Council adopted certain regulations required of medical marijuana dispensaries and terminated the moratorium on this use.
8. The City Council initiated steps for annexation of property surrounding the City's drinking water reservoirs. As part of this effort, the City is having discussions with Lincoln County regarding the jurisdiction of public roads located along the reservoirs.
9. The City has been working with a steering committee since May of this year to review the operations of the Visual Arts Center in an effort to clarify the overall governance of that facility, as well to work towards greater financial self-sustainability of that operation. These discussions have been thorough and meaningful. It is anticipated that a report will be provided to the City Council in March 2016 regarding this operational plan.

10. The City Council heard a report from the Technical Advisory Task Force on the 2012 Ocean Bioaccumulation Survey that was conducted by Sarah Henkel of Oregon State University. This study was funded by the City utilizing franchise fees from Georgia Pacific to determine what impact the Georgia Pacific Outfall at Nye Beach has on sea life located in the vicinity of the Outfall. After extensive studies, the report found no elevated levels of PCB's, phenol compounds, or PBDE's in any organisms. The survey was unable to relate any accumulated concentrations in various sea life to the Georgia Pacific Outfall. None of the detected chemicals approach concentrations for human health concerns for seafood consumption, either at the Georgia Pacific Outfall site or at other sites tested.
11. The City Council and the Urban Renewal Agency were very busy with multiple efforts that will lead to significant changes and improvements along the US 101 corridor in South Beach. These efforts are to accommodate the new OMSI Center, and to implement various infrastructure projects related to the Urban Renewal Plan between 32<sup>nd</sup> and 35<sup>th</sup> Streets. This work will also include improvement of emergency access to Safe Haven Hill as part of the City's resiliency efforts related to tsunami threats. This work will proceed in 2015.
12. On Tuesday, November 4<sup>th</sup>, the voters of the City of Newport reelected Sandra Roumagoux, reelected City Councilors David Allen to a third term, and Mark Saelens to his first full term on the City Council. In addition, Wendy Engler was elected to her first term as a new City Council member. Councilor Richard Beemer will be leaving the Council following the January 5<sup>th</sup> organizational meeting. Congratulations to Mayor Roumagoux, Councilors Allen, and Saelens, and Councilor-elect Wendy Engler. Furthermore, I greatly appreciated the support, advice and counsel I received on my first year on the job from retiring Councilor Dr. Richard Beemer.
13. In addition to recently celebrating my one year anniversary as the City Manager of the City of Newport, the City has seen a number of other changes at the administrative level as well. Mike Murzynsky was hired in July as the City Finance Director, and Barbara James was hired in August to handle the City's Human Resources needs. Rob Murphy, who has been serving as Interim Fire Chief will now serve as Fire Chief for the City of Newport, effective January 1, 2015. During this significant period of transition with the City Administration, there have been challenges in keeping current with all the various requirements and responsibilities of these positions. With these vacancies, the City will be playing some amount of catchup during 2015 now that the positions have been filled. These individuals will join a very dedicated and hardworking team of Department Heads that work diligently to maximize the use of limited resources in meeting various needs of the City of Newport.
14. On October 2<sup>nd</sup>, the City of Newport received word via an email from the US Coast Guard that the US Coast Air Facility at the Newport Municipal Airport would be closing on December 1<sup>st</sup>. The City working in close cooperation with the Port of Newport, and Lincoln County, and supported by the exceptional efforts of the Newport Fishermen's Wives and other stakeholders, worked collaboratively to reverse this unfortunate directive given by the US Coast Guard. The City, Port and County held a well-attended town meeting at Oregon Coast Community College and heard excellent testimony as to the critical role that the air station plays in search and rescue efforts on the Oregon Coast.

Furthermore, the support received from across the State of Oregon was significant. The City of Newport, along with the Port and County joined as co-plaintiffs seeking an injunction against the Coast Guards closure of this facility. In December, the Oregon Congressional Delegation, working with their colleagues in South Carolina, were successful in getting a one year extension for the operation of both air facilities. This timing will allow for a more permanent solution to be obtained. This effort was truly a great community collaboration involving local government, the private sector organizations, the media and most particularly the Newport Fishermen's Wives.

15. The City Council accepted the resignation of City Attorney Rob Connell and proceeded to fill the position of City Attorney of the City of Newport. Following a search process, interviews, background checks, the City Council offered the position of City Attorney to Steve Rich, County Counsel for Josephine County.
16. The City of Newport was pleased to hear the announcement from Oregon State University President, Ed Ray, regarding the challenge grant received by the university to establish an undergraduate maritime focused educational facility for 500 undergraduate students in Newport, Oregon, at the Hatfield Center. The City, in conjunction with Lincoln County, conducted a housing study to determine that the needs of students and faculty associated with this new educational facility can be met in the local region. Furthermore, this study provides alternatives to address housing issues going forward if the funding is fully appropriated to allow this significant expansion to go forward.
17. The Newport Public Library conducted a master planning exercise to determine how it can best meet future needs, both near term and long term. The Library was successful in receiving significant funding from the Library Foundation and other private sources in order to initiate considerable upgrades to the Library facility, including new carpeting, painting, shelving units, tables, new internet access, a new teen area, and an additional small conference room to meet these future needs of this important community service. The City of Newport appreciates the private financial support given to make these important improvements to the Library.
18. Infrastructure replacement work, authorized by the Council, and completed for 2014 includes: the Street Overlay Program, Big Creek Road landslide repairs, NE 71<sup>st</sup> water line, Lakewood Hills pump station and Big Creek force main, with a construction value of approximately \$3,000,000, with the work being completed in 2014. This was part of the City's commitment to focus on the reconstruction of aging infrastructure. Furthermore, the City completed the reconstruction of the main runway at the Newport Municipal Airport for a total project cost of \$7.5 million dollars, utilizing Federal Aviation Administration funds in the amount of \$6.8 million dollars, Connect Oregon funds for \$0.4 million dollars with City funding for the runway project of \$0.3 million dollars. In addition, runway lighting, navigational aids and other work was completed in cooperation with the Federal Aviation Administration in the renewal infrastructure at the Airport. On October 18<sup>th</sup>, a rededication ceremony was held at the Airport to celebrate this significant reconstruction project.
19. After extensive discussions and review, the City's Finance Department has been reorganized and responsibilities reassigned in order to rebalance the workload, create sufficient segregation of duties, and to improve the timeliness of providing various

reports necessary for day-to-day management of City Operations. This work was initiated with Interim Director, Bob Gazewood, with current Finance Director, Mike Murzynsky, finalizing the plan and overseeing implementation of these changes.

20. Working in conjunction with Interim Finance Director, Bob Gazewood, the City implemented changes to the process for developing the annual City budget relating to the information that is requested from the Department Heads, the overall presentation of budget data, and conducting the budget review and approval with the City's Budget Committee. The overall effort was intended to make the annual budget process more transparent and meaningful as it relates to creating a financial plan for the City of Newport for the fiscal year.

These are what I believe are the top twenty highlights for 2014. Below lies a more comprehensive list of activities that the City Council has been involved with 2014.

**Highlights of Activities during the past Year include the following:**

- The Council elected Councilor Laura Swanson as City Council President.
- A Tourism Facilities Grant for Sea Lion Dock Foundation was approved.
- The CIP adjustment to land use fees was approved by Council.
- A tax exempt bond compliancy policy was approved.
- Reviewed the summary of conversations between the City Manager and Council members regarding the strengths and weaknesses of the City organization.
- City Council held a joint meeting with the Lincoln County Commissioners.
- The Council reviewed the possible withdrawal of properties from the Seal Rock Water District in South Beach.
- Council heard a report on the remaining funds available for tourism infrastructure projects within the City.
- The Urban Renewal Agency heard a request for funding by the Oregon Coast Aquatic Park.
- The Council reviewed and approved changes to operating procedures for the operations of City Council meetings.
- Funding was provided to Salmon for Oregon for their efforts in implementing a spring Chinook season for Yaquina Bay.
- Had a number of meetings where public input was solicited prior to implementing a new curbside compostable program for the City.
- Authorized additional funding for the Highway 101 Pedestrian Safety Project.
- Evaluated recommendations from the Bicycle/Pedestrian Advisory Committee for possible implementation of certain improvements to that system in the future.
- Heard an update on the US 20 Pioneer Mtn./Eddyville Project by Jerry Wolcott, Project Leader for ODOT.
- Heard a report on the 25<sup>th</sup> anniversary of the Coastal Oregon Marine Experiment Station.
- The Council participated in a restructured goal setting process in preparation for the 2014-15 budget.

- The Council reviewed the contract with City Attorney Rob Connell in preparation of a possible contract renewal.
- Heard a report from the Visual Arts Center regarding their revision efforts for that facility with the Council requesting a report by the end of the year on financial stability and organizational efforts to address concerns with the operation of that facility. This was later extended to March 2015.
- The Council officially proceeded with a final round of the tourism/facilities grant program for the remaining \$100,000 left in those funds.
- Heard a presentation from Bill Hall on the Lincoln Community Land Trust – Workforce Housing Initiative.
- Heard a presentation from Lorna Davis on the Tourism Promotion fulfillment in a development report.
- Approved a memorandum of understanding for the transfer of the jurisdiction of Big Creek Road from Lincoln County to the City.
- Authorized an application for funding from the Oregon Parks and Recreation Department for updating the City's 1993 Park's Systems Master Plan.
- Held a joint Urban Renewal, City Council and Audit Committee meeting to review the annual audits for the City and the Urban Renewal Agency.
- Held a Town Hall meeting to review plans for renovations to the Library.
- Authorized local approval of OLCC licenses.
- Authorized a Clean Water State Revolving Fund Loan Agreement for Agate Beach Wastewater Improvements.
- Accepted a grant for the Big Creek Dams, 1 and 2 Seismic Stability and Retrofit Feasibility Study.
- Initiated street vacations in South Beach to facilitate OMSI in the Urban Renewal Plan
- Initiated the subdivision planning process for OMSI, and Investors 12, LLC, and Dick Murry Properties.
- Approved a new policy regarding work sessions. Generally, the policy provides that work sessions will be held when there is a specific topic for consideration, and this is typically on Mondays prior to City Council meetings.
- Approved a boundary change for the Lincoln County Enterprise Zone impacting Lincoln City.
- Expanded the Airport Committee to allow for two non-resident seats on that committee, and expanding the membership to seven members.
- Authorized the purchase of self-contained breathing apparatus funded in part with a grant from the Assistance to Fire Fighters FEMA Program in the amount of \$189,525.
- Approved an ordinance expanding the urban growth boundary immediately east of the Oceanview Senior Living Facility to facilitate additional development at that location.
- After reviewing Council operating procedures for four months, the City Council formally amended the Council's operating rules.
- Heard a report on the hiring of a Finance Director.
- Awarded a contract for architectural services for the design, project administration and construction of the Newport Aquatic Center to Roberts and Sherwood Architects.

- Held a joint work session with the various parking districts to determine the current status of efforts in these locations. Most of the discussions centered on the Bayfront parking issues.
- Amended the Library Provisions included in the Newport Comprehensive Plan.
- City Council set utility rates for the 2014-15 fiscal year.
- Approved a resolution clarifying that volunteers of the City are covered by City Worker's Compensation coverage.
- Approved an intergovernmental agreement allowing Yaquina Bay Fruit Processing additional time to come into full compliance with the City's zoning standards with that extension being through March 31, 2016.
- Applied for funding to develop a local policy on the use of local improvement districts as a financing tool for infrastructure projects within the city.
- Heard a final report from retiring Fire Chief Phil Paige.
- Accepted the resignation of Rob Connell as City Attorney.
- Held a very successful Town Hall meeting at Oregon Coast Community College. Attendance was so significant the meeting had to be moved to the Commons Area to facilitate the crowd. Various upcoming development opportunities for South Beach were discussed at this meeting.
- Authorized a purchase agreement for the acquisition of a portion of Lot 2, Block 1, Harborton Subdivision in South Beach by the Urban Renewal Agency.
- Amended the Solid Waste Code to reflect the City's composting program.
- Established a task force to discuss the possibility of a regional airport. Task force formation was subsequently delayed until early 2015.
- Established a process for the recruitment of a City Attorney, either as an employee or through a request for proposals through a professional services agreement.
- Approved legislative priorities as requested by the League of Oregon Cities for 2015.
- Adopted a policy regarding unappropriated ending fund balances, contingencies and financial reserves for the City.
- Accepted a Coastal Management Grant to offset operating expenses.
- Approved a Clean Water Revolving Loan Amendment for the Agate Beach Wastewater Improvement Project.
- Initiated the process to annex and zone the City reservoir properties.
- Vacated portions of SW 31<sup>st</sup> Street, SW 32<sup>nd</sup> Street, SW 33<sup>rd</sup> Street, SW Coho Street, SW Brandt Street, SW Abalone Street, and SW Anchor Way in order to facilitate a new plat in this location.
- Adopted the 2014 Fire Code.
- Held a public hearing to consider the placement of an electronic message sign at the intersection of US 101 and Hurbert Street as proposed by the City Center Newport Association. The direction from the Council was to pursue a separate information sign at an alternate location and a smaller scale cleanup of the northwest corner of US 101 and Hurbert Street as a solution and based on comments at the hearing.

- Awarded marketing grants as recommended by the Destination Newport Committee to the 2014 Oyster Cloister, and 2014-15 Concert Season Expansion by the Newport Symphony.
- Initiated zoning changes to allow for electronic signs in a public zone as requested by the Oregon Coast Council for the Arts.
- Requested and received a grant from the Oregon Coastal Management Program to provide technical assistance relating to strategies for housing additional students and staff from the expansion of the Oregon State University Campus at the Hatfield Center.
- Heard a report on possible policies to reduce false alarms within the City for Police and Fire calls. This is an issue that will require further discussion.
- Held a special meeting to review applications/proposals for City Attorney Services.
- Held a work session to discuss the possible use of surplus City property to locate workforce housing.
- Authorized purchase, through the Urban Renewal Agency, of right-of-way required for the new plat of Sunset Dunes Subdivision to facilitate projects in South Beach.
- Heard an excellent presentation by the 2014 Mombetsu Sister City student delegation that visited Japan in August of 2014.
- As recommended by the Airport Committee, the City Council authorized an “Expression of Interest” for the contractual operation of parts, or all of the Newport Municipal Airport.
- Council heard a report on the reorganization of the Finance Department in order to balance the workload, create appropriate segregation of duties and to improve the overall timeliness of work in the Finance Dept.
- City Council conducted interviews of City Attorney candidates following the candidates background checking. The Council offered an employment agreement to Steve Rich, County Counsel for Josephine County.
- Approved Ordinance No. 2071, authorizing the issuance of water revenue bonds for a total, not to exceed \$18,000,000 over a twelve year period.
- Developed evaluation process and conducted an evaluation of the City Manager. The evaluation process was good and I am pleased that the Council is satisfied with my performance to date!
- City Council approved grants in the amount of \$10,000 for the Sea Lions Dock Foundation; \$14,000 for the Lincoln County Historical Society; and \$50,000 for the Pacific Communities Health Foundation.
- Council denied the funding request from Salmon from Oregon directing staff to provide written notification to this organization, including its appeal rights under City policy.
- The City Council held a Town Hall meeting at the North Fire Station. This town meeting included an open house and formal dedication of this facility. There was a good turnout from the neighborhood to discuss various issues impacting the north end of the City of Newport.
- Heard an appeal from Salmon for Oregon on the Tourism Facilities Grant denial. Since this was the final round of funding and there were no other applicants, the Council gave an extension to Salmon for Oregon to provide responses to questions posed by the Tourism Infrastructure Task Force with the deadline in June 2015.



- City Council approved an ordinance that would create a local tax on recreational marijuana subject to the passage of State initiative having legal authority to implement said tax.
- The Council participated in the Airport rededication of October 18, 2014 to commemorate the completion of major reconstruction of runways and other Airport infrastructure completed during the 2014 construction season.
- Accepted a grant to fund the remaining 25% of repair costs for the NE 7<sup>th</sup> and Iler storm sewer repairs in the amount of \$66,601. The remaining costs for the total project of \$266,407 are being funded as part of FEMA disaster funding awarded for this project.
- Received notice from the US Coast Guard via email that the air station at the Newport Municipal Airport would close effective December 1<sup>st</sup>. The Oregon Congressional Delegation, in conjunction with their counterparts in South Carolina, were successful in obtaining a one year reprieve to review this decision.
- Heard a report from the Business License Work Group in updating the City's Business License Ordinance and Taxicab Ordinance. After further review and discussions and a public hearing, the Council slated a final decision for the first meeting in January after City Attorney Steve Rich had an opportunity to review these changes.
- Heard a report on the resolution of pay-for-volunteer Fire Department personnel. We have been working with Speer Hoyt to develop policies to keep the compensation program for the Volunteer Fire Department in line with the IRS and PERS regulations.
- Considered the possibility of constructing a bicycle pump track at Coast Park. Following the public hearing, alternative locations were going to be explored for this facility based on neighborhood concerns.
- The City Council heard a report on the status of the Agate Beach Wayside Project.
- The Urban Renewal Agency approved a minor amendment to the South Beach Urban Renewal Plan allowing for the purchase of property on the east side of US 101. This followed public engagement meetings to hear comments on whether the acquisition should be pursued or not.
- City Council approved an ordinance withdrawing territory from the Seal Rock Water District.
- The City Council authorized a Memorandum of Agreement between ODOT and the City for initiation of preliminary engineering for improvements to US 101 from SE 32<sup>nd</sup> Street to 35<sup>th</sup> Street, including intersection realignments.
- The Council approved increased fees based on COLA for the Recreation Center and Swimming Pool.
- The Council authorized the City's participation as a co-plaintiff with the Port of Newport, Lincoln County, and the Newport Fishermen Wives in a federal lawsuit challenging the legality of the US Coast Guard's planned decommissioning of its Air Rescue facility in Newport.
- The Council accepted procedures developed by the Mayor, City Recorder and City Manager on the processes utilized for the organizational meeting.
- The Council accepted an intergovernmental agreement related to the retrofit of Safe Haven Hill Tsunami Evacuation Assembly Area.

- The Council authorized the City Administration to proceed with preserving water rights for the City of Newport for Rocky Creek with Lincoln City if Lincoln City elects to participate in this effort. Please note: the Council in Lincoln City opted not to participate at this time with the City of Newport in preserving the original joint rights that had been obtained by Lincoln City and the City of Newport.
- City Council accepted the Newport Student Housing Report, which demonstrated that housing can be developed for the Oregon State University students and staff within the region.
- The City of Newport is jointly contracting with Lincoln County for a new Police Records Management System for both the City and County

**Council Activities by the Numbers:**

Regular City Council Meetings: 22

Special City Council Meetings (including Executive Sessions): 18

Urban Renewal Agency Meetings: 10

Town Hall Meetings: 3

Work Sessions: 11

Approval of Regular & Special Meeting Minutes: 40

Approval of Urban Renewal Minutes: 12

Public Hearings Held: 21

Resolutions Approved: 38

Approval of Task Orders, Bids & Engineering Agreements in Excess of \$50,000 by the Local

Contract Review Board: 27

Proclamations/Recognitions at City Council Meetings: 23

Appointments of Citizens to Boards & Committees: 33

(Please note these stats were arrived at by reviewing each of the agendas for the past year. This is the count I did by reviewing the agendas. Please note I may have missed or double counted things during this quick evaluation!)

2014 was a very busy and productive year for the City Council of the City of Newport!

Respectfully submitted,



Spencer R. Nebel  
City Manager